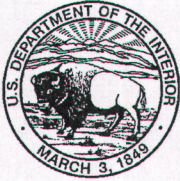


M102310095
Wayne



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Fillmore Field Office

95 East 500 North

Fillmore, UT 84631

<http://www.blm.gov/ut/st/en/fo/fillmore.html>



IN REPLY REFER TO:
3600 (UTW02000)
UTU-89799

RECEIVED

JUN 12 2014

DIV. OF OIL, GAS & MINING

June 9, 2014

CERTIFIED MAIL # 7012 3460 0000 6633 1714
RETURN RECEIPT REQUESTED

Mr. Josh Nelson
Ash Grove Cement
P.O. Box 51
Delta, Utah 84648

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43 CFR 3600 – Mineral Materials

Mr. Nelson:

Your Negotiated Mineral Material Sale at the Navajo Sandstone Quarry location was assigned BLM case file number UTU-86555 in 2007. Please refer to this number in future communication concerning the Negotiated Sale. This Negotiated Sale is permitted through the Utah Division of Oil, Gas, and Mining (UDOGM) as a Large Mine under their case file number M/023/0095.

A mineral materials sale contract was apparently mailed to Ash Grove Cement on August 7, 2009, but the contract may not have been signed or returned to the BLM. The sale was for 364,500 tons, or 200,000 cubic yards (yd³), of red sandstone, to be removed over five years, and allows up to nineteen (19) acres of surface disturbance within an eighty-acre permit boundary in Township 13 South, Range 02 West, in aliquot parts of section 24. The appraisal value determined by the BLM in February 2009 was \$1.30/ton. The Producer Price Index (PPI) will be applied to escalate this value to December 2013, the end of the previous calendar year, by multiplying the previous price by the PPI ratio of November 2009/December 2013, or (\$1.30/ton * 248.4/229.9) = \$1.40/ton.

A new Mineral Materials Contract, BLM serial number UTU-86555, for the Navajo Sandstone Quarry location is enclosed, along with contract stipulations, with this letter. Please fill in the purchaser information, sign and date the contract. In order for the contract to take effect you must return the contract for signature by the Authorized Officer, submit the required performance bond, the first installment or payment in full, and a Mineral Material Waiver (enclosed). Please submit the signed contract and payment to the Fillmore Field Office at 95 East 500 North, Fillmore, Utah, 84631. Once the required performance bond has been accepted, the Authorized Officer will sign and date the permit and return a copy of the permit for your

files. The permit will expire five years from the date of the Authorized Officer's signature or at the time the contracted amount of material has been removed.

Purchase Price – The price of the Navajo sandstone material from the site was appraised and approved at \$1.30/ton by the BLM Utah State Office on February 3, 2009 and has been escalated with the PPI to a value of \$1.40/ton. The full purchase price for 364,500 tons from the Navajo Sandstone Quarry site is therefore \$511,981.00. If you choose to make installment payments, the first payment must be a minimum of \$25,599.05, or 5 percent of the full purchase amount, and you will be responsible for payment of the full contract amount, whether or not you remove the full 364,500 tons.

Amount of Performance Bond – As stated in the Code of Federal Regulations (CFR) under 43 CFR §3602.14(b), the BLM does not require a bond amount greater than 20 percent of the total contract value for mineral materials sites. For this contract for the Navajo Sandstone Quarry site, that amount would be \$102,396.00. However, since UDOGM has already received a bond amount in excess of the BLM requirement, the UDOGM reclamation bond more than meets the BLM bond requirements for this site.

This office has previously consulted with UDOGM to determine the performance bond. BLM has determined that the amount of \$524,172.00 required as a reclamation bond by UDOGM is sufficient to meet all anticipated reclamation requirements for nineteen (19) acres of surface disturbance at the site, as specified in UDOGM's Large Mine Reclamation Contract. The amount of the reclamation cost estimate is based on operator compliance with all applicable operating and reclamation requirements. That amount has been previously submitted by Ash Grove Cement to UDOGM for the Navajo Sandstone Quarry.

BLM's decision concerning the amount of the required financial guarantee does not relieve you, the operator, of your responsibility to be in compliance with all applicable Federal, State and local laws and regulations, and to obtain all applicable Federal, State and local authorizations and permits. You are responsible for preventing any damage to public lands and resources, and for reclaiming all lands disturbed by your operations.

Required Purchase Price and Performance Bond – A performance bond, or reclamation bond, in the amount of \$524,172.00 must be filed and accepted by both the UDOGM and the Utah State Office of the BLM, 440 East 200 South, Suite 500, Salt Lake City, Utah 84145-0155. UDOGM accepted a bond in that amount for this project in February 2008. That information has now been recorded and acknowledged by the BLM.

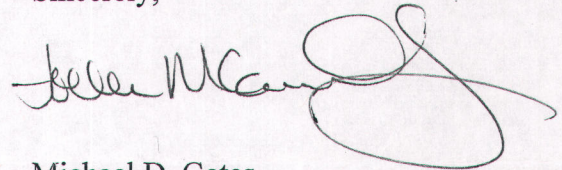
Authorization by the BLM to mine is contingent upon compliance with all applicable Federal and State regulations. UDOGM escalates reclamation bonds according to schedules, and their bond requirement may have increased since the bond acceptance in 2008. Please contact UDOGM for information about their current bond requirements for this site.

You must also submit the purchase price of \$511,981.00 to the BLM Utah State Office before you may begin surface disturbing operations and sandstone removal. If you choose to make installment payments, the first payment must be a minimum of \$25,599.05. You must not remove more material than you have paid for at any given time. If you choose not to remove the

full purchased amount, you will still be responsible for payment of the full purchase price. You will be responsible for payment of the contract amount in full before the full amount of material may be removed.

If you have any questions about your negotiated sale or site reclamation, please contact Duane Bays, Fillmore Field Office Natural Resource Specialist, at (435) 743-3115.

Sincerely,



Acting
for

Michael D. Gates
Field Manager

Enclosures:

Mineral Material Sale Contract with stipulations
Mineral Material Waiver

cc:

Paul Baker

UDOGM

1594 W North Temple Ste 1210
Salt Lake City, UT 84114

Utah State Office/ BLM
440 West 200 South, Suite 500
Salt Lake City, UT 84101-1345

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONTRACT FOR THE SALE OF MINERAL MATERIALS

FORM APPROVED
OMB NO. 1004-0103
Expires: September 30, 2011

Office
Fillmore, UT LLUTW020000
Contract Number
UTU-86555

The UNITED STATES OF AMERICA acting through the Bureau of Land Management (BLM), and Ash Grove Cement Company you, the purchaser, make this AGREEMENT, under the authority of the Act of July 31, 1947 (61 Stat. 681), as amended at 30 U.S.C. 601 through 604, and the regulations at 43 CFR, Group 3600.

We agree:

Sec. 1. Contract area - Under the terms and conditions of this contract, the United States sells to you and you buy the mineral materials listed in Section 2 and contained in the following lands as shown on the map and mining plan attached to this contract:

| COUNTY | STATE | TOWNSHIP | RANGE | SECTION | ALIQUOT PARTS | MERIDIAN | ACREAGE |
|--------|-------|----------|---------|---------|---------------|----------|---------|
| Juab | UT | T. 13 S. | R. 2 W. | sec. 25 | SENW, NESW | SLB&M | 80.00 |

Pit Name (if any):

Sec. 2. Amount and price of materials - The United States determines the total purchase price by multiplying the total quantity of each kind of mineral material designated by the unit price given below, or as changed through reappraisal.

| KIND OF MATERIALS | QUANTITY (Units Specified) | PRICE PER UNIT | TOTAL PRICE |
|-------------------|-------------------------------|-------------------|--------------|
| Sandstone | 364,500 tons | \$1.40 | \$511,981.00 |
| TOTAL | | | |

BLM's determination of the amount of materials that you have taken under the contract is binding on you. You may appeal this determination as provided in Section 19.

You are liable for the total purchase price, even if the quantity of materials you ultimately extract is less than the amount shown above. You may not mine more than the quantity of materials shown in the contract.

Sec. 3. Payments, title, and reappraisals - You may not extract the materials until you have paid in advance for them in full \$ 511,981.00, or paid the first installment of \$ 25,599.05

☐ **If you pay in full in advance, BLM will check this box, and Subsections 3(a) through 3(c) do not apply to your contract. You must pay in full for all sales of \$2,000 or less.**

(a) If you pay in installments, you must pay the first installment before BLM approves the contract.

(b) Once you start removing material, you must pay each subsequent installment payment monthly in an amount equal to the value of materials removed in the previous month. Payment must be made by the 15th day following the end of the month for which you are reporting. You must pay the total purchase price not later than 60 days before the contract expires.

(c) The United States will retain the first installment as security for your full and faithful performance and will apply it to the last installment required to make the total payment equal to the total price given in Section 2.

The total purchase price equals the sum of the total quantities removed, multiplied by their respective unit prices.

If you are late making an installment payment, you must not remove any more material until you have paid. Removing material you have not paid for is trespass, and for trespass you must pay at triple the appraised unit price, or at triple the reappraised unit price if BLM has made a reappraisal. To resume removal operations after you were late making payments, you must obtain BLM's written approval.

(d) You receive title to the mineral materials only after you have paid for them and extracted them.

Sec. 4. Risk of loss - You assume complete risk of loss for all materials to which you have title. If material covered by this contract is damaged or destroyed before title passes, you are liable for all loss suffered if you or your agents are directly or indirectly responsible for the damages. If you are not responsible for the damage or destruction, you are liable only to the extent that the loss was caused by your failure to remove the material under the terms of this contract. You are still liable for breach of contract or any wrongful or negligent act.

Sec. 5. Liability for damage to materials not sold to you - You are liable for loss or damage to materials not sold to you if you or your agents are directly or indirectly responsible for the damage or loss. You are also liable if you fail to perform under the contract according to BLM's instructions and the United States incurs costs resulting from your breach of any contract term or your failure to use proper conservation practices. If the damage resulted from willful or gross negligence, you are liable for triple the appraised value of the damaged or destroyed materials. If the damage or destruction did not result from willful or gross negligence, you are liable for lesser charges, but not less than the appraised value of the materials.

Sec. 6. Stipulations and reserved terms - Your rights are subject to the regulations at 43 CFR Group 3600 and to any stipulations and the mining plan attached to this contract.

☒ **BLM will check this box if there are stipulations attached to this contract.**

Sec. 7. Notice of operations - You must notify BLM immediately when you begin and end operations under this contract. If BLM has specified a time frame for notification, you must comply with that time frame.

Sec. 8. Bonds - (a) You must furnish BLM with a bond in the amount of \$ 524,172.00 as a condition of issuing this contract.

(b) If you do not perform all terms of the contract, BLM will deduct an amount equal to the damages from the face amount of the bond. If the damages exceed the amount of the bond, you are liable for the excess. BLM will cancel the bond or return the cash or U.S. bonds you supplied when you have completed performance under this contract.

(c) BLM will require a new bond when it finds any bond you furnish under this contract to be unsatisfactory.

Sec. 9. Assignments - You may not assign this contract without BLM's written approval.

Sec. 10. Modification of the Approved Mining or Reclamation Plan - You or BLM may initiate modification of these plans to adjust for changed conditions, or to correct any oversight. The conditions for BLM requiring you to modify these plans, or approving your request for modification are found in the regulations at 43 CFR 3601.44.

Sec. 11. Expiration of contract - This contract will expire five years, zero months, zero days from its approval date, unless BLM extends the term or renews the contract.

☐ **BLM will check this box if this contract is a renewable competitive contract.**

Sec. 12. Renewal of renewable competitive contract - BLM will renew your contract if you apply in writing no less than 90 days before your renewable competitive contract expires and you meet the conditions in the regulations at 43 CFR 3602.47.

Sec. 13. Violations and cancellations - (a) If you violate any terms or provisions of this contract, BLM may cancel your contract following the regulations at 43 CFR 3601.60 et seq., and recover all damages suffered by the United States, including applying any advance payments you made under this contract toward the payment of the damages.

(b) If you extract any mineral materials sold under this contract during the suspension period, or after the contract has expired or been canceled, you have committed, and may be charged with, willful trespass.

Sec. 14. Responsibility for damages suffered or costs incurred by the United States - If you, your contractors, subcontractors or employees breach this contract or commit any wrongful or negligent act, you are liable for any resulting damages suffered or costs incurred by the United States. You must pay the United States within 30 days after receiving a written demand from BLM.

Sec. 15. Extensions of time - BLM may grant you an extension of time in which to comply with contract provisions under the regulations at 43 CFR 3602.27. For contracts with terms over 90 days, you must apply in writing no less than 30 or more than 90 days before your contract expires. For contracts with terms of 90 days or less you must apply no later than 15 days before your contract expires.

Sec. 16. Time for removing personal property - You have 90 days (not to exceed 90) from the date this contract expires to remove your equipment, improvements, and other personal property from United States lands or rights-of-way. You may leave in place improvements such as roads, culverts, and bridges if BLM consents. Any property remaining after this period ends becomes the property of the United States, but you will remain liable for the cost of removing it and restoring the site.

Sec. 17. Equal opportunity clause - The actions you take in hiring must comply with the provisions of Executive Order No. 11246 of Sept. 24, 1965, as amended, which describe the non-discrimination clauses. You may get a copy of this order from BLM.

Sec. 18. *Effective date* - This contract becomes effective as indicated below.

- ☒ If this contract becomes effective on the date BLM signs the contract, BLM will check this box.
- ☐ If this contract becomes effective only after certain conditions are met, BLM will check this box, list the conditions below, and indicate the effective date.

Sec. 19. *Appeal* - You may appeal any decision that BLM makes in regard to this contract under Parts 4 and 1840 of Title 43 of the Code of Federal Regulations.

The following parties have executed this contract as of:

PURCHASER

Ash Grove Cement Company

(Individual or Firm Name)

PO Box 51, Nephi, UT 84648

(Address)

(435) 857-1212

(Phone Number - include area code)

(Signature)

(Signature)

THE UNITED STATES OF AMERICA

By Michael Gates

(BLM)

Field Manager

(Title)

(Date)

If you are a corporation, affix corporate seal here:

Title 18 U.S.C 1001, makes it a crime for any person knowingly or willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction, subject to a fine of up to \$10,000 and imprisonment up to 5 years.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 601 et seq.; 43 CFR 3600

PRINCIPAL PURPOSE: BLM uses this information to identify the parties entering into contracts for disposing of mineral materials.

ROUTINE USES: BLM will transfer information from the record or the record itself to appropriate Federal, State, local, or foreign agencies, when relevant to criminal, civil, or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: If you do not provide this information to BLM, we will not be able to process your application for a contract.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM is collecting this information to process your application and effect a binding contract.

The BLM will use this information to identify and communicate with applicants.

You must respond to this request to get a benefit.

The BLM would like you to know that you are not required to respond to, this or any other Federal agency-sponsored information collection which does not have a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average about 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0103), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

UTU-86555 Negotiated Sale Contract Stipulations

1. A mineral materials waiver must be signed by the mining claimant for mining claims covering the lands described as T. 13 S., R. 2 W., SLM, section 25: SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, verifying that the proposed mineral material disposal will not be endanger or materially interfere with prospecting, mining or processing operations, or uses reasonably incident thereto on said mining claims.
2. Certified Surveys and Volume Calculations must be performed and provided by Permittee prior to and at the end of each mineral material negotiated sales contract. The survey will be performed by a state certified surveyor.
3. Permittee will provide reports showing production on a monthly basis. These reports will include weight tickets from certified scales.
4. Permittee shall control excessive dust and wind erosion by watering the site and roads as necessary.
5. All hazardous materials used or produced must be reported to the Fillmore Field Office. They must be removed and disposed in an appropriately permitted disposal facility. Solid waste must be removed and properly disposed.
6. Human waste will be contained in a chemical toilet.
7. Existing roads and trails shall be used for travel to the maximum extent feasible unless otherwise authorized.
8. Generated trash and debris will be removed from public land and discarded at an authorized facility.
9. The permittee will not dispose of any waste oil or petroleum products on public lands. The permittee will properly contain and remove all waste oil to an authorized waste oil disposal facility. If any petroleum products are spilled, the permittee must immediately contain the spill, remove and dispose of the substance spilled, and all contaminated soil, in an authorized disposal site. The permittee will also immediately notify the BLM of any spills.

10. The proposed project would be subject to valid prior existing rights-of-way (ROW). ROWs holders should be contacted and coordinated with, if the proposed project affects any existing ROWs.
11. The BLM may require an exclusion fence to be placed around the project area for the safety of the public and livestock if deemed necessary by the authorized officer.
12. Upon reclamation, a temporary fence will be required to protect the area during re-vegetation.
13. The permittee will control any noxious weeds that may occur in the active mine area or the reclaimed portions.
14. Equipment will be cleaned prior to entering the proposed project area to minimize the introduction of noxious or invasive weeds in other areas.
15. For reclamation, reseeding of the area will be done with a seed mixture required by the BLM.
16. The permittee shall immediately report to the Authorized Officer any cultural and/or paleontological resource (historic or prehistoric artifacts or structures) discovered on public land. All operations in the immediate area of such a discovery will be suspended until written authorization to proceed is issued by the Authorized Officer. It is the responsibility of the permittee to ensure there is no removal or destruction of historic and prehistoric remains on public lands by them or their employees or contractors.
17. To avoid migratory bird breeding seasons, conduct operations between July 15 and May 1, when at all possible.
18. Minimize excess noise levels caused by machinery and equipment.
19. Limit activity to the area required to conduct operations. Do not degrade or remove wildlife habitat within the footprint unless mining operations will be conducted concurrently or soon thereafter.